



**Tenaris**

Investor Presentation

---



## **Disclaimer**

This presentation contains “forward-looking statements.” Forward-looking statements are based on management’s current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These statements include information regarding management strategy, investment plans, development and growth of the steel pipe and oil and gas industries, trends and other prospective data, including trends regarding the development of raw material costs and the levels of investment in oil and gas drilling worldwide and general economic conditions in the countries where Tenaris operates and sells its products and services. We do not undertake to update any forward-looking statement to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

# Agenda



- An extraordinary expansion cycle
- Followed by a deep global crisis
- Structural changes ahead
- Our agenda

# Operating and financial results over the expansion cycle



Millions of US\$ (except ratios and per ADS amounts)	2004	2005	2006	2007	2008
Net Sales	<b>3,718</b>	<b>6,210</b>	<b>7,728</b>	<b>10,042</b>	<b>12,132</b>
Tubes	3,273	5,128	6,827	8,553	10,115
Projects	280	790	454	876	1,271
Others	165	292	447	613	756
Operating income	<b>806</b>	<b>1,946</b>	<b>2,792</b>	<b>2,957</b>	<b>3,028</b>
EBITDA <sup>(1)</sup>	<b>887</b>	<b>2,158</b>	<b>3,046</b>	<b>3,449</b>	<b>4,064</b>
EBITDA margin	24%	35%	39%	34%	33%
Net income	<b>785</b>	<b>1,278</b>	<b>1,945</b>	<b>1,924</b>	<b>2,125</b>
Earnings per ADS	1.33	2.16	3.30	3.26	3.60
Net debt	828	183	2,095	2,970	1,392
Net debt / EBITDA	0.93	0.08	0.69	0.86	0.34
ROE	36%	43%	44%	31%	28%

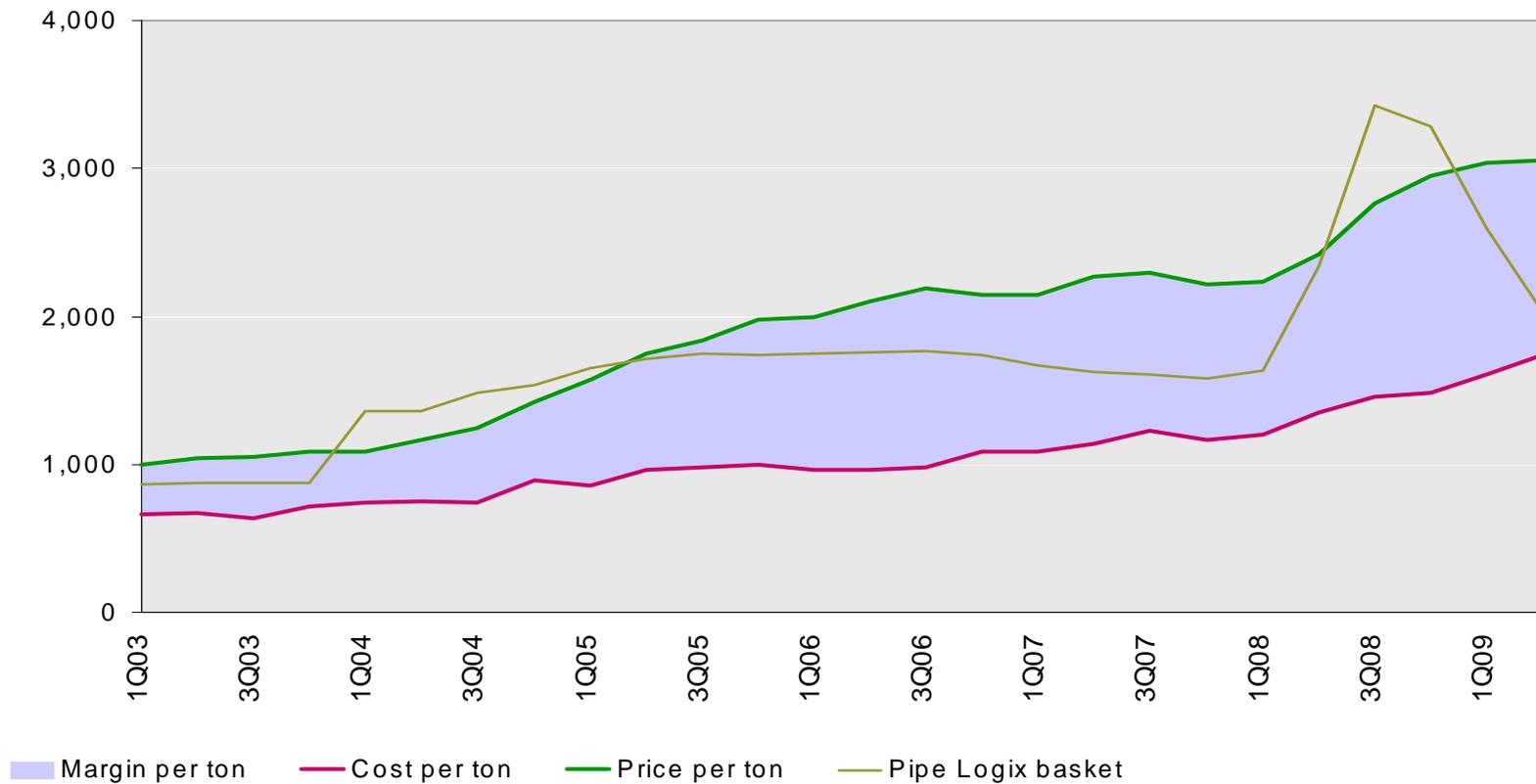
(1) EBITDA = operating income plus depreciation and amortization, impairment expenses and exceptional items

# Margins per ton of our Tubes segment



## Prices and costs per metric ton of our Tubes segment

US\$ per metric ton



# Impact of crisis on energy sector



	2008	2009E
World GDP variation	2.4%	(1.2%)
Oil demand (MMbbl/d)	86	82
WTI (US\$/bbl)	100	40
US Henry Hub (US\$/MMBtu)	8.9	4.0
Rigs	3,315	2,125
<i>United States</i>	<i>1,871</i>	<i>950</i>
<i>Canada</i>	<i>369</i>	<i>200</i>
<i>International</i>	<i>1,075</i>	<i>975</i>

Source: Tenaris estimates

# Reduced investment will aggravate production decline of oil...



## Global oil decline rates with investments

<i>Average rates per annum 2003-2007</i>	<b>World</b>	<b>Super Giant</b>	<b>Giant</b>	<b>All other</b>
<b>Total</b>	<b>6.7%</b>	<b>3.4%</b>	<b>6.5%</b>	<b>10.4%</b>
Onshore	5.6%*	3.4%	5.6%	8.8%
Offshore	8.6%*	3.4%	8.6%	11.6%

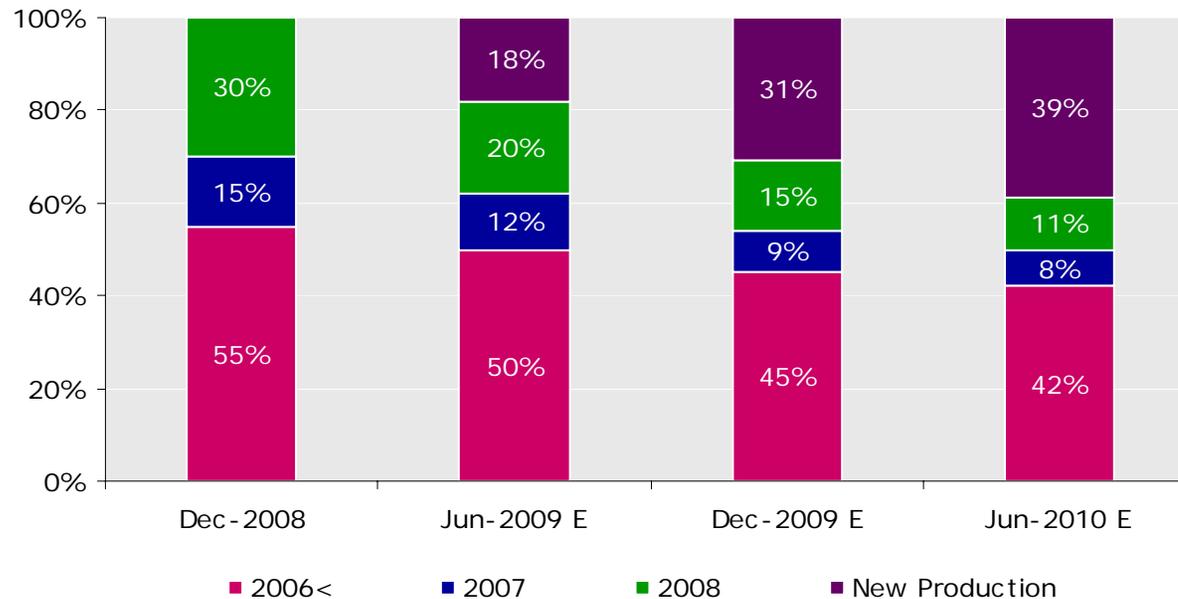
Source: IEA WEO 2008. \* Tenaris estimates

- The average global decline rate without investments is estimated at 9%, which is 34% higher than the 6.7% rate with investments
- The trend to faster decline rates is expected to continue as a growing share of production will come from smaller and offshore fields
- On a regional basis, China, North America (including Mexico) and the North Sea are the regions more affected

# ...and gas



## U. S. natural gas production breakdown by vintage year



Source: Tenaris / IHS

- During 2009, around 30% of U.S. gas production will be produced from wells that were drilled during the previous 12 months
- The trend to faster decline rates is expected to continue as development programs are designed to accelerate recovery of production

# We are moving towards a less global environment



# Regions show different market dynamics



US\$ million	2006	2007	2008	1H2009
North America	1,993	2,922	4,519	1,016
South America	960	1,222	1,354	264
Europe	1,315	1,661	1,706	263
Middle East & Africa	1,896	2,058	1,810	395
Far East & Oceania	663	690	727	168
<b>Total Tubes sales</b>	<b>6,827</b>	<b>8,553</b>	<b>10,115</b>	<b>2,106</b>
Projects	454	876	1,271	222
Others	447	613	746	121
<b>Total sales</b>	<b>7,728</b>	<b>10,042</b>	<b>12,132</b>	<b>2,449</b>

- Prices react faster in North America where demand growth has been strong and market structure encourages volatility
- In Europe, sales are influenced by the Euro:US\$ exchange rate and by exposure to the industrial sector
- In Middle East and Africa, current market demand affected by inventory adjustments at major NOCs and market structure leads to lags in price adjustments

# Our agenda



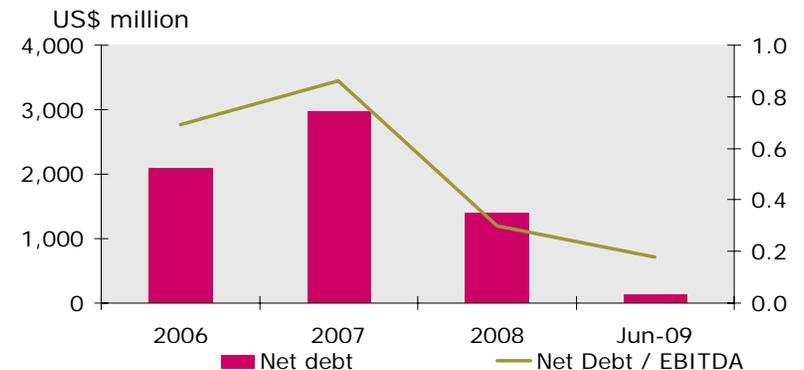
- Support our customers and strengthen our position in local markets
- Reduce working capital and revise capital expenditure
- Realign industrial system and adjust our workforce

# Competitive position: looking beyond the crisis

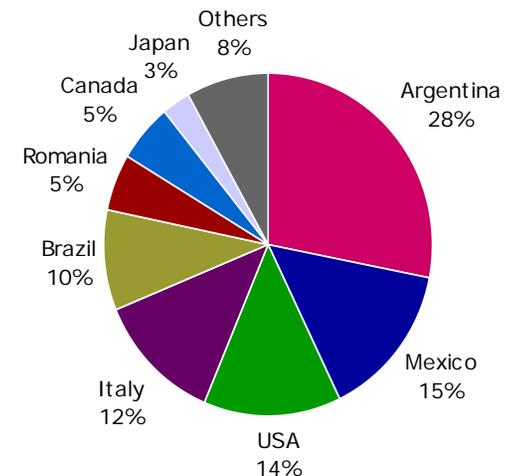


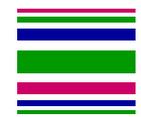
- **Financial strength:** low net debt, good cash flow and higher margins than competitors
- **Unique global positioning:** local presence in major markets worldwide
- **Flexible industrial system:** responsive to customer needs worldwide
- **Solid customer base:** NOCs, majors, geographical and sector diversity
- **Differentiated service and technology:** TenarisHydril, deepwater line pipe, technical sales, field services
- **Diverse mix of human resources:** TenarisUniversity, global trainee program

## Financial position



## Employees by country (2008)





# Tenaris

*Tubular Technologies. Innovative Services.*